

Commerce

Previous Year Solved Paper (Dec. 2018)

Time : 2 hours**Paper-II****Maximum Marks : 200**

Note : This paper contains hundred (100) objective type questions, each question carries two (2) marks. Attempt all the questions.

1. Second generation reforms in our country do not comprise of which one of the following ?
- (1) Exploiting the knowledge based global economy
 - (2) Growing Indian transnational corporations
 - (3) Clean environment
 - (4) Population control measures
2. Match the items of List-I with the items of List-II and choose the correct answer from the code given below.
- | List-I | List-II |
|---------------|---|
| (a) NPA | (i) The percentage of deposits to be kept with RBI in the form of cash. |
| (b) SLR | (ii) The rate At which RBI lends money to commercial banks. |
| (c) Repo Rate | (iii) Loans and advances not paid for more than 90 days. |
| (d) CRR | (iv) The percentage of net demand and time liabilities to be kept in the form of liquid assets. |
- Code :**
- | | |
|--|--|
| (1) (a)-(iii), (b)-(iv), (c)-(i), (d)-(ii) | (2) (a)-(iii), (b)-(iv), (c)-(ii), (d)-(i) |
| (3) (a)-(ii), (b)-(iii), (c)-(iv), (d)-(i) | (4) (a)-(iii), (b)-(ii), (c)-(iv), (d)-(i) |
3. Which one of the following statements is **not** true ?
- (1) Conversion of debentures into preference shares will decrease debt-equity ratio.
 - (2) Higher operating ratio indicates higher profits.
 - (3) Long-term liabilities due for payment within a year should be treated as current liabilities.
 - (4) Cost of sales is a better numerator than sales while calculating stock turnover.
4. Which one of the following is **not** the basic function of WTO ?
- (1) To settle differences and disputes among its member countries
 - (2) To facilitate the expansion and balanced growth of international trade
 - (3) To facilitate the implementation, administration and operation of trade agreements
 - (4) To carry out periodic reviews of the trade policies of its member countries

5. Given below are two statements, one labelled as Assertion (A) and the other labelled as Reason (R). Read the statements and choose the correct answer using the code given below.
Assertion (A) : A low debt-equity ratio is generally recommended for a newly started business.
Reason (R) : During the initial years of the business, debt servicing will prove to be less burdensome.
Code :
(1) Both (A) and (R) are correct and (R) is the correct explanation of (A)
(2) Both (A) and (R) are correct but (R) is not the correct explanation of (A).
(3) (A) is not correct but (R) is correct.
(4) (A) is correct but (R) is not correct.
6. If a perpendicular on X-axis from the point of intersection of both 'less than' and 'more than' frequency curves is drawn, it gives the value of
(1) Arithmetic mean (2) Mode
(3) Median (4) Third quartile
7. Choose the correct code for the following statements being correct or incorrect.
Statement I : Punctuality and team spirit among employees of an organization has great contribution in enhancing profits of the business but they do not appear as an asset in the balance sheet.
Statement II : Financial statements do not reflect the correct financial position of a business.
Code :
(1) Statement I is correct, but II is incorrect.
(2) Statement I is incorrect, but II is correct.
(3) Both the statements I and II are incorrect.
(4) Both the statements I and II are correct.
8. "Skimming" in e-banking is a method of
(1) converting Debit Card into Credit Card.
(2) transferring cash from one account to another account.
(3) stealing credit card information.
(4) intimating the customer about his heavy withdrawals.
9. Which one of the following modes is **not** an example of Direct and Database marketing communication ?
(1) Telemarketing (2) Social media marketing
(3) Catalogues (4) Mailings
10. Merger of two companies under the Board for Industrial and Financial Reconstruction (BIFR) supervision is known as
(1) Offer for sale (2) Arranged merger
(3) Negotiated merger (4) Reverse merger
11. Which one of the following is not the fund based business of commercial banks ?
(1) Issuance of Letters of Credit (2) Acceptance of deposits
(3) RTGS/NEFT transactions (4) Overdraft facility

12. Choose the correct code for the following statements being correct or incorrect.
- Statement I :** Intellectual Property (IP) is a category of property that includes intangible creations of the human intellect.
- Statement II :** IPR does not include trade secrets and moral rights.
- Code :**
- (1) Both the statements I and II are incorrect.
 - (2) Statement I is correct, but II is incorrect.
 - (3) Both the statements I and II are correct.
 - (4) Statement II is correct, but I is incorrect.
13. Match the items of List-I with the items of List-II and choose the correct answer from the code given below.
- | List-I | List-II |
|--|----------------------------|
| (a) Direct investment overseas aimed at manufacturing products not manufactured by the firm in the home country. | (i) Inward FDI |
| (b) Direct investment in a foreign country aimed to sell the output of the firm's domestic production. | (ii) Backward Vertical FDI |
| (c) Direct investment overseas aimed at providing inputs for the firms production process in the home country. | (iii) Conglomerate FDI |
| (d) Foreign firms investing overseas and taking control over foreign assets - | (iv) Forward Vertical FDI |
- Code :**
- (1) (a)-(iii), (b)-(ii), (c)-(i), (d)-(iv)
 - (2) (a)-(iv), (b)-(iii), (c)-(ii), (d)-(i)
 - (3) (a)-(i), (b)-(iv), (c)-(ii), (d)-(iii)
 - (4) (a)-(iii), (b)-(iv), (c)-(ii), (d)-(i)
14. Critical path indicates which one of the following ?
- (1) Longest route of completing a task
 - (2) Recorded time of completing a task
 - (3) Shortest route of completing a task
 - (4) Average time of completing a task
15. For performance assessment of employees, "helping to meet legal requirements" is the application of which one of the following ?
- (1) Organizational maintenance purpose
 - (2) Administrative purpose
 - (3) Documentation purpose
 - (4) Developmental purpose

16. Choose the correct code for the following statements being correct or incorrect.
- Statement I :** The geometric mean of the two regression coefficients of X and Y variables gives the value of the coefficient of correlation.
- Statement II :** If the population distribution is not normal and a sampling distribution of mean is prepared by taking small sized samples, the sampling distribution of mean is not normal.
- Code :**
- (1) Statement II is correct, but I is incorrect.
 - (2) Both the statements I and II are incorrect.
 - (3) Both the statements I and II are correct.
 - (4) Statement I is correct, but II is incorrect.
17. The probable error of the coefficient of correlation (r) is calculated by which one of the following formulae?
- (1) $0.6745 \frac{(1-r^2)}{\sqrt{n}}$
 - (2) $0.6745 \frac{(1+r^2)}{n}$
 - (3) $0.6745 \sqrt{\frac{1-r^2}{n}}$
 - (4) $0.6745 \frac{1+r^2}{\sqrt{n}}$
18. Which one of the following statements is correct ?
- (1) The purpose of issuing different types of rules and regulations by SEBI is to bring monetary gains to investors.
 - (2) SEBI has been constituted under the Securities (Contract and Regulation) Act, 1956.
 - (3) One of the objectives of setting up SEBI is to protect the interests of investors.
 - (4) SEBI is constituted from amongst the directors of various stock exchanges.
19. Which of the following is **not** a method of preparation of cash budget ?
- (1) Proforma Balance Sheet method
 - (2) Adjusted Net Income method
 - (3) Cash Cycle method
 - (4) Receipts and Payments method
20. Which one of the following items is **not** a part of job specification ?
- (1) Judgement
 - (2) Emotional characteristics
 - (3) Location
 - (4) Initiative
21. Banking Ombudsman Scheme was introduced by RBI with effect from
- (1) 1998
 - (2) 2001
 - (3) 1995
 - (4) 2005
22. Match the items of List-I with the items of List-II and choose the correct answer from the code given below.
- | List-I | List-II |
|---|--------------------|
| (a) The economy was characterised by small regional suppliers who sold goods on a local basis | (i) Mass marketing |

- | | |
|--|-------------------------|
| (b) Standardised, branded goods were sold at national level | (ii) Hyper-segmentation |
| (c) Era of market differentiation based on demographic, socio-economic and life style factors | (iii) Segmentation |
| (d) Technological advancements, especially in the area of digital communication, allow marketers to communicate with individual consumers or very small groups | (iv) Fragmentation |

Code :

- | | |
|--|--|
| (1) (a)-(i), (b)-(iv), (c)-(ii), (d)-(iii) | (2) (a)-(i), (b)-(ii), (c)-(iii), (d)-(iv) |
| (3) (a)-(iv), (b)-(i), (c)-(iii), (d)-(ii) | (4) (a)-(iv), (b)-(i), (c)-(ii), (d)-(iii) |

23. Which of the following are included in the international liquidity ? Indicate the correct code.

- (i) Foreign exchange reserve
- (ii) Borrowing capacity of the various countries
- (iii) Gold reserves

Choose the correct answer from the code given below :

Code :

- | | |
|-------------------------|--------------------|
| (1) (i) and (iii) | (2) (i) and (ii) |
| (3) (i), (ii) and (iii) | (4) (ii) and (iii) |

24. Which one of the following is not true for introducing multiple brands in a category ?

- (1) Decreasing internal competition within the firm
- (2) Increasing shelf presence and retailer dependence in the store
- (3) Attracting consumers seeking variety who may otherwise have switched to another brand
- (4) Yielding economies of scale in advertising, sales, merchandising and physical distribution

25. Which one of the following is not the advantage of database management system ?

- | | |
|-----------------------------|----------------------------|
| (1) Improved data integrity | (2) High acquisition costs |
| (3) Shared data | (4) Centralized control |

26. Given below are two statements, one labelled as Assertion (A) and the other labelled as Reason (R). Read the statements and choose the correct answer using the code given below.

Assertion (A) : Consumers need to be given legal protection against certain trade practices and business methods.

Reason (R) : Protection as per market forces and 'Caveat Emptor' is not enough as perfectly competitive market is an economist's dream and consumer sovereignty is a myth.

Code :

- (1) (A) is correct but (R) is incorrect.
- (2) Both (A) and (R) are correct and (R) is the right explanation of (A)
- (3) Both (A) and (R) are correct but (R) is not the right explanation of (A)
- (4) (A) is incorrect but (R) is correct.

27. Choose the correct code for the following statements being correct or incorrect.
- Statement I :** A well-chosen marketing channel must be aligned to company's marketing strategy with respect to segmentation, targeting and positioning.
- Statement II :** Marketing channels are set of interdependent organizations participating in the process of making the product available for the use of consumption.
- Code :**
- (1) Statement I is correct, but II is incorrect.
 - (2) Statement II is correct, but I is incorrect.
 - (3) Both the statements I and II are correct.
 - (4) Both the statements I and II are incorrect.
28. Given below are two statements, one labelled as Assertion (A) and the other labelled as Reason (R). Read the statements and choose the correct answer using the code given below.
- Assertion (A) :** Among all methods of charging depreciation on fixed assets, diminishing balance method is the best method.
- Reason (R) :** Diminishing balance method of charging depreciation has been permitted under the Income Tax Act, 1961 for claiming deduction for depreciation.
- Code :**
- (1) (A) is incorrect but (R) is correct
 - (2) (A) is correct but (R) is not correct
 - (3) Both (A) and (R) are correct but (R) is not the correct explanation of (A)
 - (4) Both (A) and (R) are correct and (R) is the correct explanation of (A)
29. The inverse relationship between the variation in the price and the variation in the quantity demanded is not due to
- (1) Entry and exit of buyers
 - (2) Gossen's laws of consumption
 - (3) Law of substitution
 - (4) Price effect
30. Which one of the following is agricultural income under Income Tax Act ?
- (1) Income from dairy farm, poultry farm, etc.
 - (2) Income from the sale of replanted trees where denuded parts of the forest are replanted and subsequent operations in forestry are carried out.
 - (3) Dividend from a company engaged in agriculture.
 - (4) Income from the land used for storing agricultural produce.
31. Arrange the following stages of staffing in correct sequence and indicate the code of correct sequence.
- (i) Performance appraisal
 - (ii) Recruitment
 - (iii) Transfers
 - (iv) Selection
 - (v) Induction and orientation
- Choose the correct answer from the code given below :
- Code :**
- (1) (ii), (iv), (v), (i), (iii)
 - (2) (ii), (i), (iv), (v), (iii)
 - (3) (i), (ii), (iv), (v), (iii)
 - (4) (iv), (ii), (v), (iii), (i)

32. Which one of the following demands states consumers are adequately buying all the products put into the marketplace ?
- | | |
|---------------------|----------------------|
| (1) Latent demand | (2) Full demand |
| (3) Overfull demand | (4) Irregular demand |
33. Advertising method in which a commercial is broadcast simultaneously on several radio stations and/or television channels is known as
- | | |
|---------------------|--------------------------|
| (1) Exclusive drive | (2) Intensified campaign |
| (3) Road side | (4) Road block |
34. When RBI reduces CRR, it results into
- | | |
|------------------------------------|------------------------------------|
| (1) Increase in lendable resources | (2) Decrease in deposits |
| (3) Increase in deposits | (4) Decrease in lendable resources |
35. Given below are two statements, one labelled as Assertion (A) and the other labelled as Reason (R). Read the statements and choose the correct answer using the code given below.
- Assertion (A) :** There exists excess capacity of the production for the firms if these incur losses.
- Reason (R) :** Their production level has to remain below their economic capacity level.
- Code :**
- | |
|--|
| (1) Both (A) and (R) are correct and (R) is the right explanation of (A) |
| (2) (A) is incorrect but (R) is correct |
| (3) Both (A) and (R) are correct but (R) is not the right explanation of (A) |
| (4) (A) is correct but (R) is incorrect |
36. 'Finance for exporting companies' as part of major programs of the Exim Bank of India does not include
- | | |
|--------------------------|---------------------------------|
| (1) Post-shipment credit | (2) Overseas investment finance |
| (3) Term loans | (4) Working capitals |
37. Match the items of List-I with the items of List-II and choose the correct answer from the code given below.
- | | |
|---------------------|--|
| List-I | List-II |
| (a) Claims | (i) Company car, club membership, paid holidays, furnished house |
| (b) Fringe benefits | (ii) Telephone/mobile allowance, internet allowance, medical allowance |
| (c) Perquisites | (iii) Canteen, uniform, accident relief |
- Code :**
- | | |
|----------------------------------|----------------------------------|
| (1) (a)-(iii), (b)-(ii), (c)-(i) | (2) (a)-(i), (b)-(ii), (c)-(iii) |
| (3) (a)-(ii), (b)-(iii), (c)-(i) | (4) (a)-(ii), (b)-(i), (c)-(iii) |
38. Cost plus pricing is considered appropriate for which combination of the following ?
- | | |
|-----------------------|-----------------------------|
| (i) Product Tailoring | (ii) Public Utility Pricing |
| (iii) Refusal Pricing | (iv) Monopoly Pricing |
- Choose the correct answer from the code given below :

Code :

- | | |
|------------------------------|-------------------------------|
| (1) Only (i) and (ii) | (2) Only (ii), (iii) and (iv) |
| (3) Only (i), (ii) and (iii) | (4) Only (iii) and (iv) |

39. Bank are required to classify Non-Performing Assets into

- (1) Standard assets, and substandard assets
- (2) Doubtful assets, bad debts and loss assets
- (3) Doubtful assets, and bad debts
- (4) Substandard assets, doubtful assets, and lose assets

40. Match the items of List-I with the items of List-II and choose the correct answer from the code given below.

List-I	List-II
(a) Balance of trade	(i) Imports and exports of goods and services and unilateral transfer of goods and services
(b) Current account	(ii) Transactions leading to changes in the financial assets and liabilities of a country
(c) Balance of payments	(iii) All economic transactions between a country's residents and residents of other countries
(d) Capital account	(iv) Value of exports and imports of a country

Code :

- | | |
|--|--|
| (1) (a)-(iv), (b)-(iii), (c)-(ii), (d)-(i) | (2) (a)-(i), (b)-(ii), (c)-(iii), (d)-(iv) |
| (3) (a)-(iv), (b)-(i), (c)-(iii), (d)-(ii) | (4) (a)-(iii), (b)-(ii), (c)-(iv), (d)-(i) |

41. Given is the information related to a house

Municipal Value (M.V.)	₹ 1,50,000
Fair Rent	₹ 1,80,000
Standard Rent	₹ 1,60,000
Actual Rent	₹ 20,000 pm

Municipal tax paid by owner is 20% of M.V. Unrealised rent ₹ 40,000 (conditions of rule 4 satisfied). Which is the annual value of the house ?

- | | |
|----------------|----------------|
| (1) ₹ 1,70,000 | (2) ₹ 1,50,000 |
| (3) ₹ 2,10,000 | (4) ₹ 1,60,000 |

42. Given below are two statements, one labelled as Assertion (A) and the other labelled as Reason (R). Read the statements and choose the correct answer using the code given below.

Assertion (A) : The multilateral trading system is an attempt by governments to make the business environment stable and predictable.

Reason (R) : Promising not to raise trade barriers can be as important as lowering one, because the promise gives businesses a clearer view of their future market opportunities.

Code :

- (1) (A) is correct but (R) is incorrect.
- (2) Both (A) and (R) are incorrect.
- (3) Both (A) and (R) are correct and (R) is the right explanation of (A).
- (4) Both (A) and (R) are correct but (R) is not the right explanation of (A).

43. Which of the following statements relating to the sampling theory are correct ?
- The values of the statistical measures based on the sampled units are called values of statistic.
 - In the simple random sampling technique, the element of the population and the unit of the sample are different.
 - Snow-ball sampling technique is a probability based sampling technique.
 - The 'law of statistical regularity' and the 'law of inertia of large numbers' are the main bases of the sample to become representative of the population.

Choose the correct answer from the code given below :

Code :

- | | |
|-------------------------|--------------------------|
| (1) (ii) and (iii) | (2) (i) and (iv) |
| (3) (i), (ii) and (iii) | (4) (ii), (iii) and (iv) |
44. In which one of the following modes of entry into foreign market are risk and profit potential the highest
- | | |
|----------------------|------------------------|
| (1) Direct exporting | (2) Direct investment |
| (3) Joint ventures | (4) Indirect exporting |

45. Sales of a firm are ₹ 40 lacs; variable costs ₹ 10 lacs; fixed costs ₹ 15 lacs; interest ₹ 5 lacs. Combined leverage of the firm will be

- | | |
|-------|---------|
| (1) 2 | (2) 2.5 |
| (3) 3 | (4) 8 |

46. Who among the following is not an observer country of the SAARC ?

- | | |
|------------|-----------|
| (1) Canada | (2) USA |
| (3) Iran | (4) China |

47. Match the items of List-I with the items of List-II and choose the correct answer from the code given below.

List-I (Propounder of Theory)

- Dr. William Ouchi
- Douglas McGregor
- Frederick Herzberg
- A.H. Maslow

List-II (Theory of Motivation)

- X Theory
- Need Hierarchy Theory
- Z Theory
- Hygiene Theory

Code :

- | | |
|--|--|
| (1) (a)-(ii), (b)-(i), (c)-(iii), (d)-(iv) | (2) (a)-(iii), (b)-(i), (c)-(iv), (d)-(ii) |
| (3) (a)-(ii), (b)-(iii), (c)-(iv), (d)-(i) | (4) (a)-(iv), (b)-(i), (c)-(iii), (d)-(ii) |

48. Which one of the following statements is not true ?

- Any transaction that increases working capital is a source of funds.
- Depreciation is a source of funds.
- Major source of working capital in the long run, is profits from operations.
- Profits earned from non-operating activities is added to net profit while calculating profits from operations.

49. Choose the correct code for the following statements being correct or incorrect.
- Statement I :** An option which gives its holder the privilege of selling to other party a fixed amount of some stock at a stated price on or before a predetermined date is known as call option.
- Statement II :** In an option, the holder has the privilege of purchasing from other party a fixed amount of some stock at a stated price on or before a predetermined date is known as put option.
- Code :**
- (1) Both the statements I and II are incorrect.
 - (2) Statement I is correct, but II is incorrect.
 - (3) Both the statements I and II are correct
 - (4) Statement II is correct, but I is incorrect
50. Production function is based on which combination of the main characteristics of the inputs from the following :
- | | |
|----------------------|----------------------|
| (i) Substitutability | (ii) Complementarily |
| (iii) Flexibility | (iv) Specificity |
- Choose the correct answer from the code given below :
- Code :**
- | | |
|-------------------------|-------------------------------|
| (1) Only (i) and (ii) | (2) Only (i), (ii) and (iv) |
| (3) Only (iii) and (iv) | (4) Only (ii), (iii) and (iv) |
51. Which among the following is **not** an internal factor of pricing decision ?
- (1) Consumer behaviour for given product
 - (2) Price elasticity as per sales of product
 - (3) Position of product in product cycle
 - (4) Consumer's expectation from company by past pricing
52. Match the items of List-I with the items of List-II and choose the correct answer from the code given below.
- | List-I (Type of Interview) | List-II (Usual Application) |
|----------------------------|--|
| (a) Structured | (i) A realistic approach that yields comparable answers plus in-depth insights |
| (b) Unstructured | (ii) Useful to understand applicant's reasoning and analytical abilities under modest stress |
| (c) Mixed | (iii) Useful for valid results, especially when dealing with large number of applicants |
| (d) Behavioural | (iv) Useful when the interviewer tries to probe personal details the candidate to analyse why they are not fit for the job |
- Code :**
- | | |
|--|--|
| (1) (a)-(iii), (b)-(iv), (c)-(i), (d)-(ii) | (2) (a)-(iii), (b)-(i), (c)-(ii), (d)-(iv) |
| (3) (a)-(iv), (b)-(ii), (c)-(i), (d)-(iii) | (4) (a)-(i), (b)-(iv), (c)-(ii), (d)-(iii) |

53. Match the items of List-I with the items of List-II and choose the correct answer from the code given below.

List-I

- (a) Income elasticity less than unity
- (b) Cross elasticity less than unity
- (c) Cross elasticity less than zero
- (d) Income elasticity less than zero

List-II

- (i) Competitive goods
- (ii) Inferior goods
- (iii) Superior goods
- (iv) Complementary goods

Code :

- (1) (a)-(iv), (b)-(i), (c)-(ii), (d)-(iii)
- (2) (a)-(i), (b)-(ii), (c)-(iii), (d)-(iv)
- (3) (a)-(iv), (b)-(iii), (c)-(i), (d)-(ii)
- (4) (a)-(iii), (b)-(i), (c)-(iv), (d)-(ii)

54. Which one of the following is **not** an advantage of external recruitment?

- (1) Benefits of new skills, new talents and new experiences to organisations are available
- (2) Compliance with reservation policy becomes easy
- (3) Good performance is rewarded
- (4) Scope for resentment, jealousies and heartburn are avoided

55. Given below are two statements, one labelled as Assertion (A) and the other labelled as Reason (R). Read the statements and choose the correct answer using the code given below.

Assertion (A) : Purchase decisions are not based on how customers perceive prices but on the marketers stated price.

Reason (R) : Customers may have a lower price threshold, below which prices signal inferior or unacceptable quality, and an upper price threshold where the product appears not worth the money.

Code :

- (1) Both (A) and (R) are incorrect.
- (2) Both (A) and (R) are correct but (R) is not the right explanation of (A)
- (3) (A) is incorrect but (R) is correct.
- (4) Both (A) and (R) are correct and (R) is the right explanation of (A).

56. Under Sec. 194 IB of the Income Tax Act, 1961 an individual or HUF (who is not required to get his accounts audited u/s 44 AB) who is responsible for paying to a resident any rent, shall deduct income tax, for the use of any land and building or both, if the rent exceeds

- (1) ₹ 40,000 per month
- (2) ₹ 25,000 per month
- (3) ₹ 50,000 per month
- (4) ₹ 15,000 per month

57. Choose the correct code for the following statements being correct or incorrect.

Statement I : Thousands of employees die everyday in factories due to accidents.

Statement II : To make an accident-free plant adds to cost and decreases productivity.

Code :

- (1) Both the statements I and II are correct.
- (2) Statement II is correct, but I is incorrect.
- (3) Both the statements I and II are incorrect.
- (4) Statement I is correct, but II is incorrect.

58. Choose the correct code for the following statements being correct or incorrect.
- Statement I :** FX Spot is an agreement between two parties to buy one currency against selling another currency at an agreed price for settlement on the spot date.
- Statement II :** The date of maturity of a forward contract is more than two business days in future.
- Code :**
- (1) Both the statements I and II are incorrect.
 - (2) Statement I is correct, but II is incorrect.
 - (3) Statement II is correct, but I is incorrect.
 - (4) Both the statements I and II are correct.
59. Which one of the following is the main government agency responsible for development and monitoring international trade in India ?
- (1) Indian Institute of Foreign Trade
 - (2) Export Promotion Council
 - (3) Federation of Indian Export Organisations
 - (4) Department of Commerce
60. A company proposes to introduce a new product in the market. The company wants to maintain P/V Ratio at 25%. If variable cost of the product is ₹300, what will be the selling price ?
- | | |
|-----------|-----------|
| (1) ₹ 300 | (2) ₹ 200 |
| (3) ₹ 100 | (4) ₹ 400 |
61. Given below are two statements, one labelled as Assertion (A) and the other labelled as Reason (R). Read the statements and choose the correct answer using the code given below.
- Assertion (A) :** Technological change and skill requirements have been made a subject of investigation in an organization.
- Reason (R) :** The neoclassical economic theory stated that technological changes require a broader variety of skills and higher average skills from the workers.
- Code :**
- (1) (A) is correct but (R) is incorrect
 - (2) Both (A) and (R) are correct and (R) is the right explanation of (A)
 - (3) Both (A) and (R) are correct but (R) is not the right explanation of (A)
 - (4) Both (A) and (R) are incorrect
62. Combined leverage can be used to measure the relationship between
- | | |
|-------------------|--------------------|
| (1) PAT and EPS | (2) EBIT and EPS |
| (3) Sales and EPS | (4) Sales and EBIT |
63. Which one of the following initiatives is not the strategy for managing shortage of employees in an organization ?
- | | |
|------------------------------|---|
| (1) Hire temporary employees | (2) Attempt to reduce turnover |
| (3) Employee training | (4) Offer incentives to postpone retirement |

64. Which of the following statements is/are false ?
- Capital profits can never be distributed as dividends to the shareholders.
 - Dividends are paid out of profits and, therefore, do not affect the liquidity position of the firm.
 - Every company should follow the policy of low dividend payment.
 - Walter's model suggests that dividend payment does not affect the market price of the share.

Choose the correct answer from the code given below :

Code :

- | | |
|--------------------------|-------------------------------|
| (1) (iii) and (iv) | (2) (i), (ii), (iii) and (iv) |
| (3) (ii), (iii) and (iv) | (4) (i), (ii) and (iii) |

65. Which one of the following is **not** the function of the Reserve Bank of India?

- Accepting deposits and advancing loans to public
- Issue of Bank notes
- Controller of credit
- Custodian of Cash Reserves of Commercial Banks

66. Match the items of List-I with the items of List-II and choose the correct answer from the code given below.

List-I

- AS – 1
- AS – 3
- AS – 10
- AS – 19

List-II

- Accounting for fixed assets
- Disclosure of accounting policies
- Leases and its accounting
- Cash flow statements

Code :

- | | |
|--|--|
| (1) (a)-(i), (b)-(ii), (c)-(iii), (d)-(iv) | (2) (a)-(iii), (b)-(i), (c)-(iv), (d)-(ii) |
| (3) (a)-(iii), (b)-(ii), (c)-(i), (d)-(iv) | (4) (a)-(iii), (b)-(iv), (c)-(ii), (d)-(i) |

67. Match the items of List-I with the items of List-II and choose the correct answer from the code given below.

List-I

- Rival Firms
- Technology
- Improving Quality
- Ethics in Business

List-II

- External Environment
- Social and Cultural Environment
- Internal Environment
- Global Environment

Code :

- | | |
|--|--|
| (1) (a)-(iii), (b)-(i), (c)-(iv), (d)-(ii) | (2) (a)-(i), (b)-(ii), (c)-(iii), (d)-(iv) |
| (3) (a)-(ii), (b)-(iii), (c)-(iv), (d)-(i) | (4) (a)-(iv), (b)-(i), (c)-(ii), (d)-(iii) |

68. The theory suggesting that the patterns of international trade are determined by factor endowment rather than productivity was propounded by which one of the following ?

- | | |
|--------------------------------|--------------------|
| (1) David Ricardo | (2) Adam Smith |
| (3) Heckscher and Bertil Ohlin | (4) Michael Porter |

69. Corporations are controlled and directed by which one of the following ?
- | | |
|-------------------------|--------------------------|
| (1) Corporate mechanism | (2) Corporate codes |
| (3) Corporate ethics | (4) Corporate governance |
70. Match the items of List-I with the items of List-II and choose the correct answer from the code given below.
- | List-I | List-II |
|--|------------------------------------|
| (a) Compensation received by an employee from his employer on termination of job | (i) Exemption upto specified limit |
| (b) Pension received by the widow of an employee | (ii) Profits in lieu of salary |
| (c) Foreign allowance for rendering services abroad | (iii) Income from other sources |
| (d) Children hostel allowance | (iv) Fully exempt from tax |
- Code :**
- | | |
|--|--|
| (1) (a)-(ii), (b)-(iii), (c)-(iv), (d)-(i) | (2) (a)-(iii), (b)-(iv), (c)-(ii), (d)-(i) |
| (3) (a)-(ii), (b)-(iv), (c)-(iii), (d)-(i) | (4) (a)-(iv), (b)-(iii), (c)-(i), (d)-(ii) |
71. Which of the following sources of finance has an implicit cost of capital ?
- | | |
|-----------------------|------------------------------|
| (1) Debentures | (2) Equity share capital |
| (3) Retained earnings | (4) Preference share capital |
72. For the following two statements regarding infrastructural services in the country, choose the correct code for the statements being correct or incorrect.
- Statement I :** Most infrastructure services are provided by public monopolies which generally suffer with severe problems like lack of accountability, low productivity, poor financial performance and over-employment.
- Statement II :** There is a need now to induce more private sector investment and participation in provision of social overhead as it may encourage better risk sharing, accountability, monitoring and management of infrastructure sector.
- Code :**
- | | |
|--|--|
| (1) I is incorrect, but II is correct. | (2) Both I and II are incorrect. |
| (3) Both I and II are correct. | (3) I is correct, but II is incorrect. |
73. Given below are two statements, one labelled as Assertion (A) and the other labelled as Reason (R). Read the statements and choose the correct answer using the code given below.
- Assertion (A) :** Training aids in encouraging and achieving self-development and self-confidence.
- Reason (R) :** It helps a person handle stress, tension, frustration and conflict.
- Code :**
- | |
|---|
| (1) Both (A) and (R) are correct and (R) is the right explanation of (A). |
| (2) (A) is correct but (R) is not correct. |
| (3) Both (A) and (R) are incorrect. |
| (4) Both (A) and (R) are correct but (R) is not the right explanation of (A). |

74. Match the items of List-I with the items of List-II and choose the correct answer from the code given below.

List-I

- (a) Mobile defense
- (b) Contraction defense
- (c) Position defense

List-II

- (i) Occupying the most desirable position in consumers' minds, making the brand almost impregnable.
- (ii) The leader stretches its domain over new territories through market broadening and market diversification.
- (ii) Large companies give up weaker markets and reassign resources to stronger ones.

Code :

- (1) (a)-(i), (b)-(ii), (c)-(iii)
- (2) (a)-(ii), (b)-(i), (c)-(iii)
- (3) (a)-(ii), (b)-(iii), (c)-(i)
- (4) (a)-(i), (b)-(iii), (c)-(ii)

75. The monopoly involves a social cost mainly due to its emphasis on which one of the following?

- (1) Earning net profit in all possible situations
- (2) Attempting to stall entry of other firms in the market.
- (3) Charging different prices from different categories of buyers of the same product.
- (4) Lower output at a higher cost in a normal profit situation

76. A and B are partners in a firm sharing profits in the ratio of 3 : 2. They admit X as a partner for 1/3 share in profits of the firm. The new profit sharing ratio of A, B and X is

- (1) 3 : 2 : 1
- (2) 3 : 2 : 2
- (3) 6 : 4 : 5
- (4) 3 : 2 : 3

77. Choose the correct code for the following statements being correct or incorrect.

Statement I : An identifiable group of people contributing their efforts towards attainment of goals is called organization.

Statement II : In its broadest sense, organization refers to the relationship between the various factors present in a given endeavour.

Code :

- (1) Statement I is correct, but II is incorrect.
- (2) Statement II is correct, but I is incorrect.
- (3) Both the statements I and II are incorrect.
- (4) Both the statements I and II are correct.

78. Foreign investment can be made through which of the following routes ?

- (i) Foreign Direct Investment (FDI)
- (ii) Foreign Portfolio Investment (FPI)
- (iii) Private Equity Investment (PEI)
- (iv) Foreign Venture Capital Investors (FVCI)

Choose the correct answer from the code given below :

Code :

- | | |
|-------------------------------|------------------------|
| (1) (i), (ii), (iii) and (iv) | (2) (i) and (iv) |
| (3) (i), (iii) and (iv) | (4) (i), (ii) and (iv) |

79. Which of the following statements is/are true ?

- (i) Tax-shield on depreciation and interest is an important variable both for the lessor and the lessee.
- (ii) Lease transactions in India are governed by the Lease Act.
- (iii) A lessee should evaluate the lease options against the buying option.
- (iv) As per AS – 19, financial lease is shown in the balance sheet of the lessee as an asset.

Choose the correct answer from the code given below :

Code :

- | | |
|------------------|--------------------------|
| (1) (i) and (iv) | (2) (i), (iii) and (iv) |
| (3) Only (ii) | (4) (ii), (iii) and (iv) |

80. According to Donald Kirkpatrick, training programmes can be evaluated at four levels. Indicate the code of correct sequence from the following :

- | | |
|----------------|----------------|
| (i) Result | (ii) Reaction |
| (iii) Learning | (iv) Behaviour |

Choose the correct answer from the code given below :

Code :

- | | |
|----------------------------|----------------------------|
| (1) (iii), (iv), (i), (ii) | (2) (iv), (iii), (ii), (i) |
| (3) (i), (ii), (iii), (iv) | (4) (ii), (iii), (iv), (i) |

81. Which of the following variables is **not** known in Internal Rate of Return method of capital budgeting ?

- | | |
|-----------------------------|----------------------------|
| (1) Amount of cash outflows | (2) Life of the project |
| (3) Discount rate | (4) Amount of cash inflows |

82. Choose the correct code for the following statements being correct or incorrect.

Statement I : If the value of β_2 , i.e., $\frac{\mu_4}{\sigma_4}$, of a distribution gives the value more than 3, its curve is platykurtic.

Statement II : In a moderately asymmetrical distribution, the standard deviation is 1.25 times of mean deviation.

- (1) Statement I is correct, but II is incorrect.
- (2) Both the statements I and II are correct.
- (3) Both the statements I and II are incorrect.
- (4) Statement II is correct, but I is incorrect.

83. To examine whether the company is pursuing its best opportunities with respect to markets, products, and channels is the purpose of which one of the following types of marketing control?

- | | |
|---------------------------|------------------------|
| (1) Annual-plan control | (2) Strategic control |
| (3) Profitability control | (4) Efficiency control |

84. The Industrial Policy, 1956 has been prompted by which combination of the following developments?
- Adoption of the Constitution of India.
 - Implementation of Economic Planning.
 - Acceleration of Economic Growth and Industrialisation.
 - Availability of Sufficient Funds for Investment in Public Sector.

Choose the correct answer from the code given below :

Code :

- | | |
|-------------------------------|------------------------|
| (1) Only (i), (ii) and (iv) | (2) Only (i) and (ii) |
| (3) Only (ii), (iii) and (iv) | (4) Only (ii) and (iv) |

85. The companies having business in a large number of countries around the world at present are called.

- Multinational Enterprises (MNEs)
- Global Corporations (GCs)
- Multinational Corporations (MNCs)
- Transnational Corporations (TNCs)

86. Match the items of List-I with the items of List-II and choose the correct answer from the code given below.

List-I

List-II

- | | |
|--|--|
| (a) Behaviour referent | (i) Wide ranging cultural, structural and personnel strategies |
| (b) Focus of attention for interventions | (ii) Manage climate and culture |
| (c) Conflict handling | (iii) Few |
| (d) Job categories and grades | (iv) Values/mission |
| (1) (a)-(iii), (b)-(i), (c)-(ii), (d)-(iv) | (2) (a)-(i), (b)-(ii), (c)-(iv), (d)-(iii) |
| (3) (a)-(iv), (b)-(ii), (c)-(i), (d)-(iii) | (4) (a)-(iv), (b)-(i), (c)-(ii), (d)-(iii) |

87. On fulfilling certain conditions, for an undertaking set up in special economic zones, deduction under section 10 AA of the Income Tax Act is allowed for

- | | |
|--------------|----------------------|
| (1) 15 years | (2) Unlimited period |
| (3) 5 years | (4) 10 years |

88. X Ltd. forfeited 40 shares of ₹ 10 each and on which ₹ 4 per share were paid. If the forfeited shares are reissued as ₹ 8 per share paid up, what is the minimum price the company must charge ?

- | | |
|-------------------|--------------------|
| (1) ₹ 4 per share | (2) ₹ 8 per share |
| (3) ₹ 2 per share | (4) ₹ 10 per share |

89. Which one among the following is the oldest form of organization ?

- | | |
|-----------------------------|----------------------------|
| (1) Functional Organisation | (2) Committee Organization |
| (3) Line Organization | (4) Project Organization |

90. "Everyone benefits when the focus is on common interest and promotion of harmony" is the underlying assumption of which one of the following approaches to industrial relations ?
- | | |
|------------------------------|--------------------------|
| (1) Human Relations approach | (2) Pluralistic approach |
| (3) Marxist approach | (4) Unitary approach |
91. In which one of the following forms of worker's participation in management is the role of the workers council not just advisory but the management is under a moral obligation to acknowledge, accept and implement the unanimous decision of the council ?
- | | |
|-------------------------------|----------------------------------|
| (1) Decisive Participation | (2) Administrative Participation |
| (3) Associative Participation | (4) Consultative Participation |
92. Bretton Woods Conference resulted into the establishment of which of the following ?
- | | |
|------------------|------------------|
| (1) IBRD and IFC | (2) IMF and IBRD |
| (3) IDA and ADB | (4) IMF and IDA |
93. Which among the following is **not** included in seven Ps of marketing mix given by Booms and Bitner ?
- | | |
|-----------------------|-------------|
| (1) Politics | (2) People |
| (3) Physical Evidence | (4) Process |
94. Choose the correct code for the following statements being correct or incorrect.
- Statement I :** When the two securities returns are perfectly positively correlated, the risk of their portfolio is just a weighted average of the individual risks of the securities. In such case, diversification does not provide risk reduction but only risk averaging.
- Statement II :** Total risk of a portfolio of two risk securities can be completely eliminated when their returns are perfectly negatively correlated and their proportionate holdings in the portfolio are inversely related to the relative individual risks of the securities.
- Code :**
- | |
|--|
| (1) Statement II is correct, but I is incorrect. |
| (2) Both the statements I and II are incorrect. |
| (3) Both the statements I and II are correct. |
| (4) Statement I is correct, but II is incorrect. |
95. Cardinal utility analysis of consumer's behaviour is based on which combination of the following assumptions :
- | |
|---|
| (i) Utility is measurable in terms of cardinal numbers. |
| (ii) Constancy of the marginal utility of money. |
| (iii) Utilities of different goods are interdependent. |
| (iv) Gossen's first law of consumption. |
- Choose the correct answer from the code given below :
- Code :**
- | | |
|-----------------------------|-------------------------------|
| (1) Only (iii) and (iv) | (2) Only (ii), (iii) and (iv) |
| (3) Only (i), (ii) and (iv) | (4) Only (i) and (ii) |

96. Match the items of List-I with the items of List-II and choose the correct answer from the code given below.

List-I		List-II	
(a)	Job context	(i)	Procedures used
(b)	Job-related tangibles and intangibles	(ii)	Work schedule
(c)	Work activities	(iii)	Work standards
(d)	Work performance	(iv)	Services rendered

Code :

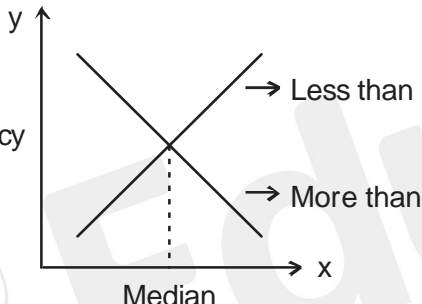
- | | | | |
|-----|--|-----|--|
| (1) | (a)-(i), (b)-(iv), (c)-(ii), (d)-(iii) | (2) | (a)-(ii), (b)-(iv), (c)-(i), (d)-(iii) |
| (3) | (a)-(iv), (b)-(iii), (c)-(i), (d)-(ii) | (4) | (a)-(iii), (b)-(iv), (c)-(ii), (d)-(i) |
97. A firm has inventory turnover of 3 and cost of goods sold is ₹ 2,70,000. With better inventory management, the inventory turnover is increased to 5. This would result in
- (1) Decrease in inventory by ₹ 36,000
 - (2) Increase in inventory by ₹ 54,000
 - (3) Increase in cost of goods sold by ₹ 20,000
 - (4) Decrease in inventory by ₹ 90,000
98. Which one of the following is **not** the correct property of normal distribution ?
- (1) Equality of central values (Mean, Mode and Median)
 - (2) Uni-modal distribution
 - (3) Standard deviation is the sole parameter of the distribution
 - (4) Continuous distribution
99. Indicate the most popular route of privatisation adopted by the Government of India in recent decades.
- | | |
|-------------------------------|--------------------------------|
| (1) Cross Holdings | (2) Management-Employee Buyout |
| (3) Spontaneous Privatisation | (4) Strategic sale |
100. Given below are two statements, one labelled as Assertion (A) and the other labeled as Reason (R). Read the statements and choose the correct answer using the code given below.
- Assertion (A) :** Databases assist in market segmentation, especially behavioural segmentation such as developing loyalty segments.
- Reason (R) :** Customer Relationship Management (CRM) databases have become an asset for the analysis of customer behaviour.
- Code :**
- (1) Both (A) and (R) are correct but (R) is not the right explanation of (A)
 - (2) Both (A) and (R) are correct and (R) is the right explanation of (A)
 - (3) Both (A) and (R) are incorrect.
 - (4) (A) is correct but (R) is not correct.

ANSWER KEY

1	2	3	4	5	6	7	8	9	10
4	2	2	2	1	3	4	3	2	2
11	12	13	14	15	16	17	18	19	20
1	2	4	1	3	3	1	3	3	3
21	22	23	24	25	26	27	28	29	30
3	3	3	1	2	3	3	1	3	2
31	32	33	34	35	36	37	38	39	40
1	2	4	1	1	1	3	3	4	3
41	42	43	44	45	46	47	48	49	50
1	3	2	2	3	1	2	2	1	2
51	52	53	54	55	56	57	58	59	60
1	1	4	3	3	3	4	4	4	4
61	62	63	64	65	66	67	68	69	70
2	3	3	2	1	4	1	3	4	1
71	72	73	74	75	76	77	78	79	80
3	1	4	3	4	3	4	1	2	4
81	82	83	84	85	86	87	88	89	90
3	4	2	1	2	4	1	1	3	4
91	92	93	94	95	96	97	98	99	100
3	2	1	3	3	2	1	3	4	2

SOLUTIONS

1. (4) Second generation reforms in our country do not comprise of Population control measures.
2. (2) NPA- debt is classified as nonperforming when loan payments have not been made for a period of 90 days.
SLR- The percentage of net demand and time liabilities to be kept in the form of liquid assets.
REPO RATE- The rate At which RBI lends money to commercial banks.
CRR- The percentage of deposits to be kept with RBI in the form of cash.
3. (2) Operating ratio is computed as follows:
$$\text{Operating ratio} = \frac{\text{Operating expenses}}{\text{Net sales}} \times 100$$

So if a company has a higher operating ratio it means that company is using higher % age of revenue as operating expenses. So that higher operating ratio indicates lower profit.
4. (2) To facilitate the expansion and balanced growth of international trade-
Is a function of IMF not WTO.
5. (1) A low debt-equity ratio is generally recommended for a newly started business. During the initial years of the business, debt servicing will prove to be less burdensome.
6. (3) Frequency

7. (4) Punctuality and team spirit among employees of an organization has great contribution in enhancing profits of the business but they do not appear as an asset in the balance sheet.
Financial statements do not reflect the correct financial position of a business.
Both the statements are correct.
8. (3) Skimming is an act of stealing information through the magnetic strip on the cards that are used in ATMs and merchant establishments. Fraudsters collect information from a credit/debit/ATM card by reading the magnetic strip on the reverse of the card.
9. (2) Social media marketing is a example of online marketing.
10. (2) Merger of two companies under the BIFR supervision is called -arranged merger.
11. (1) A letter of credit is a document that guarantees the buyer's payment to the sellers. It is Issued by a bank and ensures the timely and full payment to the seller. If the buyer is unable to make such a payment, the bank covers the full or the remaining amount on behalf of the buyer. So it is a credit based activity of commercial banks.
12. (2) **Statement I** is correct because Intellectual property (IP) is a term for any intangible asset - something proprietary that doesn't exist as a physical object but has value.
Statement II is incorrect because IPR includes copyrights, patents, trademarks, moral rights and trade secrets.
13. (4) Inward FDI - Foreign firms investing overseas and taking control over foreign assets.
Backward Vertical FDI- Direct investment overseas aimed at providing inputs for the firms production process in the home country.

Conglomerate FDI - Direct investment overseas aimed at manufacturing products not manufactured by the firm in the home country.

Forward Vertical FDI - Direct investment in a foreign country aimed to sell the output of the firm's domestic production.

14. (1) A critical path is a sequence of interdependent activities or tasks that must be finished before the project can be finished. It is the longest path (i.e. path with the longest duration) from project start to finish.
15. (3) For performance assessment of employees, "helping to meet legal requirements" is the application of Documentation purpose.
16. (3) **Statement I** is correct because The geometric mean of the two regression coefficients of X and Y variables gives the value of the coefficient of correlation.
Statement II is also correct because If the population distribution is not normal and a sampling distribution of mean is prepared by taking small sized samples, the sampling distribution of mean is not normal.
17. (1) The probable error of correlation coefficient can be obtained by applying the following formula:

$$P.E. r = 0.6745 \frac{(1-r^2)}{\sqrt{n}}$$

r = coefficient of correlation

N = number of observations

18. (3) **Objectives of SEBI**
1. **Protection to the investors** : The primary objective of SEBI is to protect the interest of people in the stock market and provide a healthy environment for them.
 2. **Prevention of malpractices** : This was the reason why SEBI was formed. Among the main objectives, preventing malpractices is one of them.
 3. **Fair and proper functioning** : SEBI is responsible for the orderly functioning of the capital markets and keeps a close check over the activities of the financial intermediaries such as brokers, sub-brokers, etc.
19. (3) Methods for preparing cash budget,-
- (a) The Receipts and Payments Method;
 - (b) The Adjusted Profit and Loss Method; and
 - (c) The Balance Sheet Method.
20. (3) Part of job specification

Job Specification
<p>A statement of human qualifications necessary to do the job. Usually contains such items as</p> <ul style="list-style-type: none"> • Education • Experience • Training • Judgement • Initiative • Physical effort • Physical skills • Responsibilities • Communication skills • Emotional characteristics • Unusual sensory demands such as sight, smell, hearing.

21. (3) The Banking Ombudsman Scheme is an expeditious and inexpensive forum for bank customers for resolution of complaints relating to certain services rendered by banks. The Banking Ombudsman Scheme is introduced under Section 35 A of the Banking Regulation Act, 1949 by RBI with effect from 1995.
22. (3) Mass marketing - Standardised, branded goods were sold at national level.
Hyper-segmentation - Technological advancements, especially in the area of digital communication, allow marketers to communicate with individual consumers or very small groups
Segmentation - Era of market differentiation based on demographic, socio-economic and life style factors
Fragmentation - The economy was characterised by small regional suppliers who sold goods on a local basis
23. (3) International liquidity includes-
Gold stocks with the Central Banks and with the IMF;
foreign exchange reserves of countries ;
drawing rights of member countries with IMF;
credit arrangements between countries ;
country's capacity to borrow in the money markets of another country ;
24. (1) Decreasing internal competition within the firm is not true for introducing multiple brands in a category because multiple brands in a category always increase competition within the firm.
25. (2) High acquisition cost is a disadvantage of database management system.
26. (3) Both (A) and (R) are correct but (R) is not the right explanation of (A)
27. (3) Both the statements I and II are correct.
28. (1) (A) Is incorrect because The best method for calculating depreciation under generally accepted accounting principles, or GAAP, is the straight line method.
(R) Is correct because Diminishing balance method of charging depreciation has been permitted under the Income Tax Act, 1961 for claiming deduction for depreciation
29. (3) The inverse relationship between the variation in the price and the variation in the quantity demanded is never due to Law of substitution.
30. (2) As per section 2(1A), agricultural income generally means- Any income derived from such land by agriculture operations including processing of agricultural produce so as to render it fit for the market or sale of such produce.
31. (1) STAGES OF STAFFING IN CORRECT SEQUENCE
(i) Recruitment
(ii) Selection
(iii) Induction and orientation
(iv) Performance appraisal
(v) Transfers
32. (2) Full demand - Consumers are adequately buying all products put into the marketplace. (Ideal Situation where supply = demand)
33. (4) A roadblock is an advertising technique in which an ad commercial is broadcast simultaneously on various channels such as several radio stations, TV channels. Roadblocking serves several ad creatives on the same webpage.

34. (1) When CRR is reduced, more funds are available to banks for deploying in other businesses because they need to keep fewer amounts with RBI. This means that the banks would have more money to play and this leads to reduction of interest rates on Loans provided by the Banks and it increase lendable resources.
35. (1) Both (A) and (R) are correct and (R) is the right explanation of (A)
36. (1) 'Finance for exporting companies' as part of major programs of the Exim Bank of India does not include post shipment credit.
37. (3) Claims -- Telephone/mobile allowance, internet allowance, medical allowance
Fringe benefits -- Canteen, uniform, accident relief
Perquisites -- Company car, club membership, paid holidays, furnished house
38. (3) Monopoly pricing is not a part of Cost plus pricing because Monopoly pricing is a pricing strategy followed by a seller whereby the seller prices a product to maximize his or her profits under the assumption that he or she does not need to worry about competition. In other words, monopoly pricing assumes the absence of competitors being able to garner a larger market share by charging lower prices.
39. (4) **Types of Non Performing Assets**
- **Standard Assets:** A Standard asset is one in which the borrower fails to make repayment regularly and on time.
 - **Sub-Standard Assets:** A Sub-Standard asset is one which has been NPA for a period not exceeding 12 months.
 - **Doubtful Assets:** A Doubtful asset is one which has been NPA for more than 12 months.
 - **Loss Assets:** A Loss asset is one where the loss has been identified by the bank, through the internal or external auditor or by the central bank inspectors. The amount has not been written off, wholly or partly.
40. (3) (a) Balance of trade -- Value of exports and imports of a country
(b) Current account -- Imports and exports of goods and services and unilateral transfer of goods and services
(c) Balance of payments -- All economic transactions between a country's residents and residents of other countries
(d) Capital account -- Transactions leading to changes in the financial assets and liabilities of a country
41. (1) **Step I : M.R. or F.R. {(which ever is higher) but subject to S.R.}**
1,50,000 or 1,80,000
1,80,000 but standard Rent is 1,60,000 ₹
So, Amount will be 1,60,000 ₹
Step II : Actual Rent
= 20,000 × 20 = 2,40,000 ₹
Calculation of Annual Value :
G.A.V. (Gross Annual Value) = (Step I & Step II which ever is high)
= 1,60,000 or 2,40,000 ₹
G.A.V. = 2,40,000
Less Unrealised Rent = 40,000
2,00,000
Less Municipal Value 30,000
Net Annual Value (NAV) 1,70,000 ₹

42. (3) Both (A) and (R) are correct and (R) is the right explanation of (A).
43. (2) (i) The values of the statistical measures based on the sampled units are called values of statistic.
(iv) The 'law of statistical regularity' and the 'law of inertia of large numbers' are the main bases of the sample to become representative of the population.
44. (2) Direct investment-FDI's risk and profit potential is the highest in foreign market.
45. (3) Calculation of combined leverage
- $$(CCL) = \frac{\text{Contribution}}{EBT}$$
- $$= \frac{30,00,000}{10,00,000} = 3$$
46. (1) Eight observer status countries of the SAARC (China, the European Union, Iran, Japan, South Korea, Mauritius, Burma/Myanmar and the United States of America).
47. (2) X Theory -- Douglas McGregor
Need Hierarchy Theory -- A.H. Maslow
Z Theory -- Dr. William Ouchi
Hygiene Theory -- Frederick Herzberg
48. (2) Sources of funds arise from outside or external sources of the business. Since depreciation is an internal amount, the same cannot be treated as a source which comes from outside or external sources of the business. So, depreciation can never be treated as a source of fund.
49. (1) Both the statements I and II are incorrect.
50. (2) Following are the features of production function:
1. Substitutability
2. Complementarily
3. Specificity
51. (1) Consumer behaviour for given product is an external factor of pricing decision.
52. (1) (a) Structured -- Useful for valid results, especially when dealing with large number of applicants
(b) Unstructured -- Useful when the interviewer tries to probe personal details of the candidate to analyse why they are not fit for the job
(c) Mixed -- A realistic approach that yields comparable answers plus in-depth insights
(d) Behavioural -- Useful to understand applicant's reasoning and analytical abilities under modest stress
53. (4) Competitive goods -- Cross elasticity less than unity
Inferior goods -- Income elasticity less than zero
Superior goods -- Income elasticity less than unity
Complementary goods -- Cross elasticity less than zero
54. (3) Good performance is rewarded is not an advantage of external recruitment.
55. (3) (A) is incorrect but (R) is correct.
56. (3) For an individual/HUF paying rent of more than Rs 50,000 per month, it is now necessary to deduct tax at source. The government introduced section 194IB in the Income-tax Act

making it mandatory for a tenant to withhold taxes. Thus, if rental payment is Rs. 50,000 or above per month, then 5% TDS has to be withheld by the Individual/HUF.

57. (4) Statement I is correct, but II is incorrect.
58. (4) Both the statements I and II are correct.
59. (4) Department of Commerce is the main government agency which is responsible for development and monitoring international trade in India.
60. (4)
$$P/V \text{ Ratio} = \frac{\text{Sales} - \text{Variable Cost}}{\text{Sales}}$$

$$\frac{25}{100} = \frac{S - 300}{S}$$

$$25 S = 100(S - 300)$$

$$25 S = 100S - 30000$$

$$100 S - 25 S = 30000$$

$$75 S = 30000$$

$$(\text{Sales}) S = \frac{30,000}{75} = 400 \text{ ₹}$$
61. (2) Both (A) and (R) are correct and (R) is the right explanation of (A)
62. (3) Combined leverage- combined leverage shows relationship between sales and EPS. IT is percentage change in EPS due to percentage change in sales.
63. (3) Employee training is a part of employee skill development. It is not used for managing shortage of employees in an organization.
64. (2) All the statements are false.
65. (1) accepting deposits and advancing loans to public is the function of commercial banks, not the function of RBI.
66. (4) AS - 1 (Disclosure of accounting policies)
AS - 3 (Cash flow statements)
AS - 10 (Accounting for fixed assets)
AS - 19 (Leases and its accounting)
67. (1) (a) Rival Firms -- Internal Environment
(b) Technology -- External Environment
(c) Improving Quality -- Global Environment
(d) Ethics in Business -- Social and Cultural Environment
68. (3) Heckscher and Bertil Ohlin's international trade theory-suggested that the patterns of international trade are determined by factor endowment rather than productivity.
69. (4) Corporate governance is the collection of mechanisms, processes and relations by which corporations are controlled and directed.
70. (1) (a) Compensation received by an employee from his employer on termination of job -- Profits in lieu of salary
(b) Pension received by the widow of an employee -- Income from other sources
(c) Foreign allowance for rendering services abroad -- Fully exempt from tax
(d) Children hostel allowance -- Exemption upto specified limit

71. (3) The implicit cost of retained earning is the return which could have been earned by the investors, had the profit been distributed to them.
Except the retained earning, all other sources of funds have explicit cost of capital.
72. (1) I is incorrect, but II is correct.
73. (4) Both (A) and (R) are correct but (R) is not the right explanation of (A).
74. (3) (a) Mobile defense -- The leader stretches its domain over new territories through market broadening and market diversification.
(b) Contraction defense -- Large companies give up weaker markets and reassign resources to stronger ones.
(c) Position defense -- Occupying the most desirable position in consumers' minds, making the brand almost impregnable.
75. (4) The result of having a monopolistic market as opposed to a competitive market is restricted lower output and a higher price in a normal profit situation.
76. (3) A and B sharing profits in 3 : 2

Mass A : B
 3 : 2

X Profit sharing ratio is = $\frac{1}{3}$

(A & B) Profit sharing ratio = $1 - \frac{1}{3} = \frac{2}{3}$

A's New Profit sharing ratio = $\frac{3}{5} \times \frac{2}{3} = \frac{2}{5}$


B's New Profit sharing ratio = $\frac{2}{5} \times \frac{2}{3} = \frac{4}{15}$

A & B & X New Profit sharing Ratio

A	:	B	:	X
$\frac{2}{5}$:	$\frac{4}{15}$:	$\frac{1}{3}$
$\frac{2}{5}$:	$\frac{4}{15}$:	$\frac{1}{3}$ (L.C.M.)
6	:	4	:	5
<hr/>				
15				

= A : B : X
6 : 4 : 5 **Ans.**

77. (4) Both the statements I and II are correct.
78. (1) Foreign Investments are classified as below.
- Foreign Direct Investment (FDI)
 - Foreign Portfolio Investment (FPI)
 - Private Equity Investment (PEI)
 - Foreign Venture Capital Investors (FVCI)
79. (2) 2 IS FALSE because Lease transactions in India are governed by transfer of property act.

80. (4) 
81. (3) Discount rate
82. (4) Statement II is correct, but I is incorrect.
- Statement I is incorrect because If the value of β_2 , i.e., $\frac{\mu_4}{\sigma_4}$, of a distribution gives the value less than 3 not more than 3, its curve is platykurtic.
83. (2) Strategic control implies a critical review of overall marketing effectiveness in relation to broad and long-term objectives and firm's response to marketing environment. It deals with assessing firm's ability to define and achieve marketing goals, and response pattern to environment.
84. (1) Acceleration of Economic Growth and Industrialisation is not a part of The Industrial Policy, 1956 developments.
85. (2) A global corporation, also known as a global company, is coined from the base term 'global', which means all around the world. It makes sense to assume that a global company is a company that does business all over the world.
86. (4) (a) Behaviour referent -- Values/mission
(b) Focus of attention -- Wide ranging cultural, structural and personnel strategies for interventions
(c) Conflict handling -- Manage climate and culture
(d) Job categories and grades -- Few
87. (1) Amount of Deduction under sec 10 AA of the income tax act for SEZ undertakings
- 100% of export profit is eligible for deduction for the first five years.
 - 50% of export profit is eligible for deduction for the next five years.
 - Amount not exceeding 50% of export profit is eligible for deduction for the next five years.
88. (1) ₹ 4 per share
89. (3) Line organisation is the simplest and the oldest type of organisation.
90. (4) Under unitary approach, Industrial Relations is grounded in mutual co-operation, individual treatment, team-work and shared goals. Work place conflict is seen as a temporary aberration, resulting from poor management, from employees who do not mix well with the organization's culture. Unions co-operate with the management and the management's right to manage is accepted because there is no 'we-they' feeling. The underlying assumption is that "everyone benefits when the focus is on common interest and promotion of harmony."
91. (3) Associative participation of workers: This kind of workers participation in management is next level to consultative participation. Under associative participation of workers in management, morally bound to accept and implement the opinion of employees.
92. (2) The International Bank for Reconstruction and Development (IBRD) and International Monetary Fund (IMF) were established by delegates at the Bretton Woods Conference in 1944 and became operational in 1946.
93. (1) The 7 Ps
Organisation Facing

Product
Price
Place
Promotion
People
Processes
Physical Evidence

94. (3) Both the statements I and II are correct.
95. (3) Utilities of different goods are interdependent is not a assumption of Cardinal utility analysis of consumer's behavior.
96. (2) (a) Job context -- Work schedule
(b) Job-related tangibles and Intangibles -- Services rendered
(c) Work activities -- Procedures used
(d) Work performance -- Work standards

97. (1) If inventory turnover = 3
then cost = 27,000

$$\text{Inventory turnover ratio} = \frac{\text{cost of goods sold}}{\text{Inventory}}$$

$$= \frac{2,70,000}{\text{Inventory}}$$

$$\text{Inventory} = \frac{2,70,000}{3} = 90,000 \text{ ₹}$$

The inventory turnover is increased to 5 then.

$$\text{Inventory turnover Ratio} = \frac{\text{cost of goods sold}}{\text{Inventory}}$$

$$5 = \frac{2,70,000}{\text{Inventory}}$$

$$\text{Inventory} = \frac{2,70,000}{5} = 54000 \text{ ₹}$$

So the final result will be decrease in inventory

$$= 90,000 - 54,000$$

$$= 36000 \text{ ₹}$$

98. (3) Standard deviation is not the sole parameter of the distribution. Because normal distribution has two parameters: the mean and the standard deviation.
99. (4) Strategic sale- The focus in India's privatisation efforts has shifted from disinvestment, the sale of minority shares to the public, to strategic sale where a controlling stake is sold to a private buyer. It is contended that strategic sale, by transferring control from government to a private owner.
100. (2) Both (A) and (R) are correct and (R) is the right explanation of (A)